

City of Chula Vista
2006 Annual Growth Management Review Cycle

**24-MONTH and 5-YEAR
RESIDENTIAL GROWTH FORECAST
Years 2006 Through 2010**

June 2006

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INTRODUCTION

As a component of the City of Chula Vista's Growth Management Program, the City's Planning Division provides annual growth forecasts for two time frames: 24 months and 5 years. Providing this information enables City departments and other service agencies to assess the probable impacts that growth may have on maintaining compliance with the City's eleven growth management quality of life threshold standards. With this data, these bodies will be able to report possible threshold impacts to the Chula Vista Growth Management Oversight Commission (GMOC).

Ultimately through the City's growth management review process, the GMOC will provide a set of recommendations to the City Council for the purpose of maintaining the City's quality of life threshold standards. Those recommendations can include the addition or acceleration of capital projects, hiring personnel, changing management practices, slowing the pace of growth or imposing a moratorium. It is the City Council that will ultimately decide what course of action to take.

The 24-month forecast covers calendar years 2006 and 2007. The five-year forecast spans the calendar years from 2006 through 2010.

This forecast is commonly referred to as the Growth Management or GMOC forecast. It is important to note that this forecast:

- Does not represent a goal or desired growth rate;
- Does not at this time reflect or recommend a building permit cap;
- Is what's expected to occur given a set of assumptions (presented on page 2).
- Is not necessarily endorsed by home builders.

This year's forecast report highlights anticipated growth in the west and eastern portions of the City. Traditionally the emphasis of the forecast was directed to the east, as that is where the majority of growth is taking place and will continue to take place for the next five years. However, based on the level of private sector interest there is the expectation that an increase in in-fill and redevelopment in western Chula Vista will take place and that potential should be recognized.

This forecast report focuses on the addition of residential units as the primary indicator to measure future population increase. Western Chula Vista as evidenced by US Census data has been undergoing growth in the form of demographic change as household size increases and more than one family may live in a residence. Such growth is difficult to track on a year-to-year basis and is not reflected in this report.

FORECAST SUMMARY

Over the next two years (January 2006 – December 2007) it is expected that over 4,000 housing units will be permitted for construction in eastern Chula Vista and 1,350 housing units permitted in western Chula Vista for a citywide total of approximately 5,400 units.

In the 5-year forecast period for the calendar years from 2006 through 2010, eastern Chula Vista may have 10,700 housing units permitted and western Chula Vista 4,450. This combines for a citywide total of 15,150 units for an annual average of 2,140 in the east and 890 in the west, or just over 3,000 housing units permitted per year on average citywide.

CONTEXT

As was widely reported in the media, in the year 2001, the City of Chula Vista was the 7th fastest growing community of its size in the nation. While the year 2001 represented a peak in the number of residential units receiving building permits (3,500) the level of growth remains significant and is expected to continue. This is supported by the San Diego Association of Governments' (SANDAG) 2030 Growth Forecast, which indicates that the South County subregion will continue to host a substantial amount of the region's projected growth over the next 25 years. This growth stems mainly from the limited General Plan capacity in several cities in the county, as well as from the lower average price of housing in areas south of I-8. Based largely on the amount of vacant land within master planned projects in Chula Vista's eastern area, SANDAG projects that the City will add nearly 20,000 housing units and over 60,000 new residents between the years 2004 and 2030.

As in the last several years, this report reflects a substantial inventory of potential development as a result of continued strong regional demand for housing and South County's increasing role in meeting this demand. Historically (Figure 1, also see Exhibit 1) the rate of housing construction in Chula Vista has fluctuated from a few hundred a year to thousands. In the years between 1993 and 2001 there was a steady increase from under 500 units to a peak of over 3,500 housing units receiving building permits. Since 2001 the annual number of units receiving permits for construction has fluctuated between 1,650 and 3,300.

The City, with the voluntary cooperation of the development community, acted to moderate growth in April 2003 by instituting a "Permit Monitoring Program". This program established the maximum number of permits that can be issued for selected major projects in eastern Chula Vista over three 12-month time periods, running from April 1 to March 31, beginning in 2003 (Table 1). This action was intended to moderate growth over that three-year period so that the City's Growth Management traffic threshold was not exceeded. The Permit Monitoring Program has had an effect over the number of units that can be permitted through March 2006. The longer-term forecast is unaffected.

Figure 1

Residential Units Permitted in Chula Vista 1993 - 2005

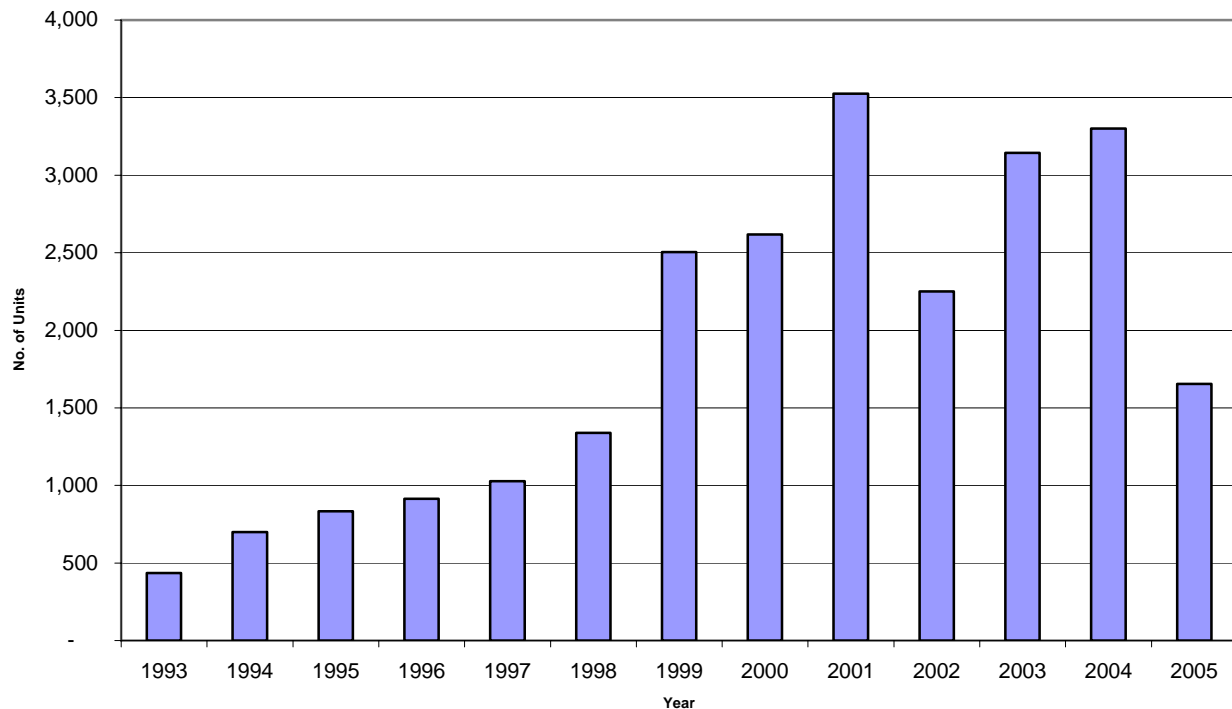


Table 1

Limits on Monitored Projects

Year	
(April 1 to March 31)	Units Permitted
4/1/03 – 3/31/04	2,475
4/1/04 – 3/31/05	2,375
4/1/05 – 3/31/06	1,780
Total	6,630

Note: the Permit Monitoring Program has placed limits on the number of permits that can be issued for selected projects in eastern Chula Vista, this includes Otay Ranch Villages 6 and 11, Eastlake III, and portions of San Miguel Ranch and Rolling Hills Ranch. Actual permits issued per year in eastern Chula Vista exceeded the monitored amount as they included units which are excluded from the Permit Monitoring Program. As of August 30, 2005 out of the total of 6,630 units allowed to be permitted for construction, 4,752 units were permitted since April 1, 2003. There remained 1,878 units to be permitted under the program. Not all of these units received permits by March 31, 2006.

Even with a leveling growth rate and the Monitoring Program, the amount of anticipated growth remains significant. In terms of population, Chula Vista is accommodating between 6,000 and 9,000 new residents every year. In order for the City of Chula Vista to accommodate this growth and maintain the quality of life there must be the concurrent development of public facilities and services. It is the role of the Growth Management Oversight Commission (GMOC) to assess if the established quality of life standards are being met and to make recommendations to the City Council to insure future compliance.

This forecast document is provided to the City Departments and outside agencies that are responsible for maintaining the thresholds. These departments and agencies are then asked whether they can support the forecasted growth.

Forecast Assumptions

1. That construction of SR-125 proceeds on schedule.
2. There is no additional building "caps" imposed on development that would restrict the number of units below what is forecasted.
3. That public policy regarding development remains otherwise unchanged.
4. That Growth Management thresholds are not exceeded.
5. That the housing market remains strong in Chula Vista.
6. The General Plan Update draft Preferred Alternative, as of August 18, 2005, will guide development for forecast purposes over the next 5 years.
7. A 4-year college/university has committed to develop the University site by 2009.
8. The forecast assumes a normal project regulatory processing schedule.

FORECAST PROCESS AND PERSPECTIVE

Based upon the assumptions presented above, a draft forecast for a 24-month and 5-year period for both east and western Chula Vista is produced. This forecast is then shared with the respective major land developers in eastern Chula Vista for the purpose of obtaining their comment and possibly consensus. If consensus is not possible city staff will make a determination and post any qualifying comment as a footnote in the forecast table. The forecast is not necessarily approved or agreed to by the major land developers.

Since there are as yet no major developers with active projects in western Chula Vista that forecast is based upon the status of project processing and city staff expectation for future activity based upon trends and level of investor interest.

Preparing a 5-year forecast always incorporates a significant degree of uncertainty. The current forecast period, years 2006 through 2010, offers an even greater challenge given the steep run-up in home prices, the continuing war against terror and possible future domestic attacks, and interest rates still near record lows with some upward movement likely.

East

The next two years growth for eastern Chula Vista is reasonably predictable based upon the overall assumptions. The various planned communities have a number of projects in the "pipeline" with over 4,000 units ready for permitting over the next two years (Table 2).

It is anticipated that the next 5 years will produce as many as 10,700 additional housing units permitted for construction in eastern Chula Vista, for an average annual rate of approximately 2,143 units. This number is derived from a variety of sources including housing market absorption rate studies; development utilization plans, and estimated project-processing schedules (Table 3).

Table 2

**EASTERN CHULA VISTA
TWO YEAR RESIDENTIAL DEVELOPMENT FORECAST OF UNITS PERMITTED
Calendar Years 2006 and 2007**

PROJECT/AREA	2006			2007			TOTAL		
	MF	SF	Total	MF	SF	Total	MF	SF	Total
OTAY RANCH	777	550	1,127	1,021	630	1,492	1,798	1,180	2,978
EASTLAKE	230	163	393	0	0	0	230	163	393
ROLLING HILLS RANCH	0	70	70	0	70	70	0	140	140
SAN MIGUEL RANCH	54	42	96	0	234	234	54	276	330
BELLA LAGO	0	69	69	0	57	57	0	126	126
Other	50	0	50	54	0	54	104	0	104
TOTAL	1,111	894	2,002	1,075	991	2066	2,186	1,885	4,071

MF = Multiple units under one permit, SF = One unit per permit.

Table 3

**EASTERN CHULA VISTA
FIVE YEAR RESIDENTIAL DEVELOPMENT FORECAST OF UNITS PERMITTED
Calendar Years 2006 Through 2010**

Projects	Forecast of Units Permitted 2006 to 2010		
	MF	SF	Total
Otay Ranch	6,310	3,261	9,571
Eastlake	230	163	393
Rolling Hills Ranch	0	193	193
Bella Lago	0	126	126
San Miguel Ranch	54	276	330
Other	104	0	104
Total	6,698	4,019	10,717

Based on the General Plan Update there are almost 19,000 residential units remaining to be permitted in eastern Chula Vista estimated as of January 2006. If the 10,700 units are permitted over the 5 year forecast period there will be 8,300 units remaining. Given the current rate of growth eastern Chula Vista could be built out around 2015. However, additional general plan amendments are likely with additional units added to the potential inventory of housing units thereby extending the ultimate build-out date.

West

Western Chula Vista has not shown significant increases in housing since the growth management program was instituted in the late 1980's. This situation is expected to change due to an increased interest in infill, redevelopment, and possible density increases through the General Plan update. Growth in eastern Chula Vista is made up of a series of planned communities being built by a half dozen major companies, each with development schedules that can be quantified, and has an established market trend, making it relatively easy to assess. Western Chula Vista presents just the opposite situation. With the exception of the Bayfront development proposal, there are no master planned areas, and a plethora of potential development sites exist, each with their own opportunities and constraints, multiple potential investors, and a market for new housing that is largely untested.

In the short term there are several projects in the approval process that constitute up to an additional 300 units that could be permitted within the next calendar year. In addition there are also several projects with potential in the Northwest and additional infill and accessory units that may potentially be permitted (Table 4).

Table 4

**WESTERN CHULA VISTA
RESIDENTIAL DEVELOPMENT FORECAST OF UNITS PERMITTED
Calendar Years 2006 Through 2007**

PROJECT/AREA	2006			2007			TOTAL		
	MF	SF	Total	MF	SF	Total	MF	SF	Total
Northwest	275	0	275	400	0	400	675	0	675
Southwest	300	20	320	300	20	320	600	40	640
Bayfront	0	0	0	0	0	0	0	0	0
Accessory	0	20	20	0	20	20	0	40	40
Total	575	40	615	700	40	740	1,275	80	1,355

In the mid-range, there are several large and small private sector project proposals that are in various stages of discussion but without a formal approval or commitment to proceed. Although somewhat speculative, it is prudent to assume that residential development will increase in western Chula Vista, so that facility and service providers can be alerted to the potential and prepare for this influx. Greater forecasting precision can be expected in coming years as the General Plan update is implemented and Specific Plans are completed and the infill/redevelopment process proceeds and housing markets are established.

Based on the information provided in this year's forecast, it can be indicated that over the next 5 years western Chula Vista can expect an increase of 4,250 multi-family residential units which includes the initial phases of Bayfront development, plus a small addition of accessory units tracking at an average of 20 per year for 100 units, and some infill single family homes totaling about 100 units over the 5 year period. This provides a total of 4,450 residential units for an annual average of 890 units (Table 5). It should be noted that the City of Chula Vista has a policy not to condemn residential structures for redevelopment purposes.

Table 5

**WESTERN CHULA VISTA
FIVE YEAR RESIDENTIAL DEVELOPMENT FORECAST OF UNITS PERMITTED
Calendar Years 2006 Through 2010**

AREA	Forecast of Units Permitted 2006 to 2010		
	MF	SF	Total
Northwest	2,175	0	2,175
Southwest	1,800	100	1,900
Bayfront	280	0	280
Accessory	0	100	100
Total	4,255	200	4,455

Combined Forecast

Table 6

**COMBINED CITY-WIDE FORECAST 2006 AND 2007
RESIDENTIAL DEVELOPMENT FORECAST OF UNITS PERMITTED
Calendar Years 2006 Through 2007**

AREA	2006			2007			TOTAL		
	MF	SF	Total	MF	SF	Total	MF	SF	Total
EAST	1,111	894	2,002	1,075	991	2,066	2,186	1,885	4,071
WEST	575	40	615	700	40	740	1,275	80	1,355
TOTAL	1686	734	2,620	1,775	1,031	2,806	3,461	1,965	5,406

Table 7

**COMBINED CITYWIDE FORECAST 2006 THROUGH 2010
RESIDENTIAL DEVELOPMENT FORECAST OF UNITS PERMITTED
Calendar Years 2006 Through 2007**

AREA	2006 -2010		
	MF	SF	Total
EAST	6,698	4,019	10,717
WEST	4,255	200	4,455
TOTAL	10,953	4,219	15,172

PERMITS BY YEAR

A year-to-year estimate of how many building permits will be issued has been developed for general planning purposes, but should not be relied upon for exactness. The total number of permits that will be issued over the next five years is reasonably certain however many variables may and will affect what the actual annual distribution will be over the next 5 years. Table 8 and Figure 2 illustrate a possible growth path over the next 5 years.

Table 8

**Approximate Number of Residential Units Receiving Permits
By Year 2006 to 2010**

	Years					
	2006	2007	2008	2009	2010	Total
East	2,005	2,066	2,293	1,903	2,450	10,717
West	615	740	940	1,020	1,140	4,455
Total	2,620	2,806	3,233	2,923	3,590	15,172

Figure 2

Forecasted Residential Units Permitted by Area 2006 through 2010

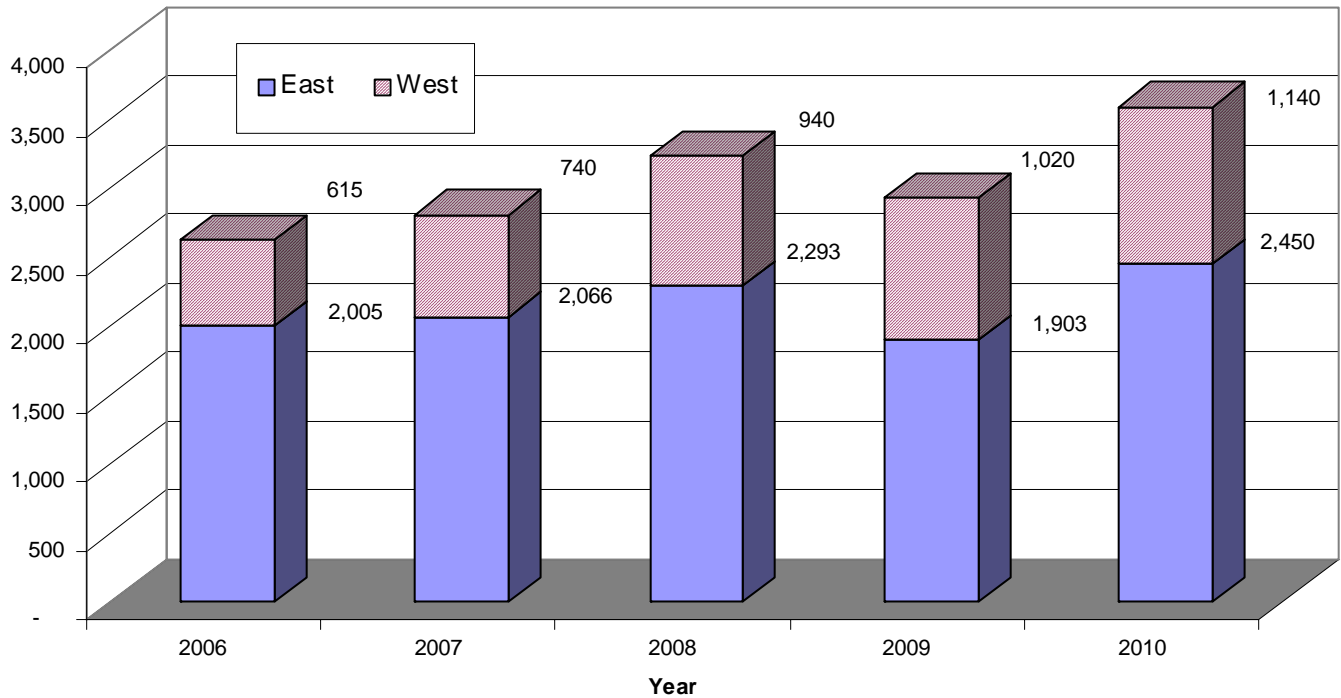
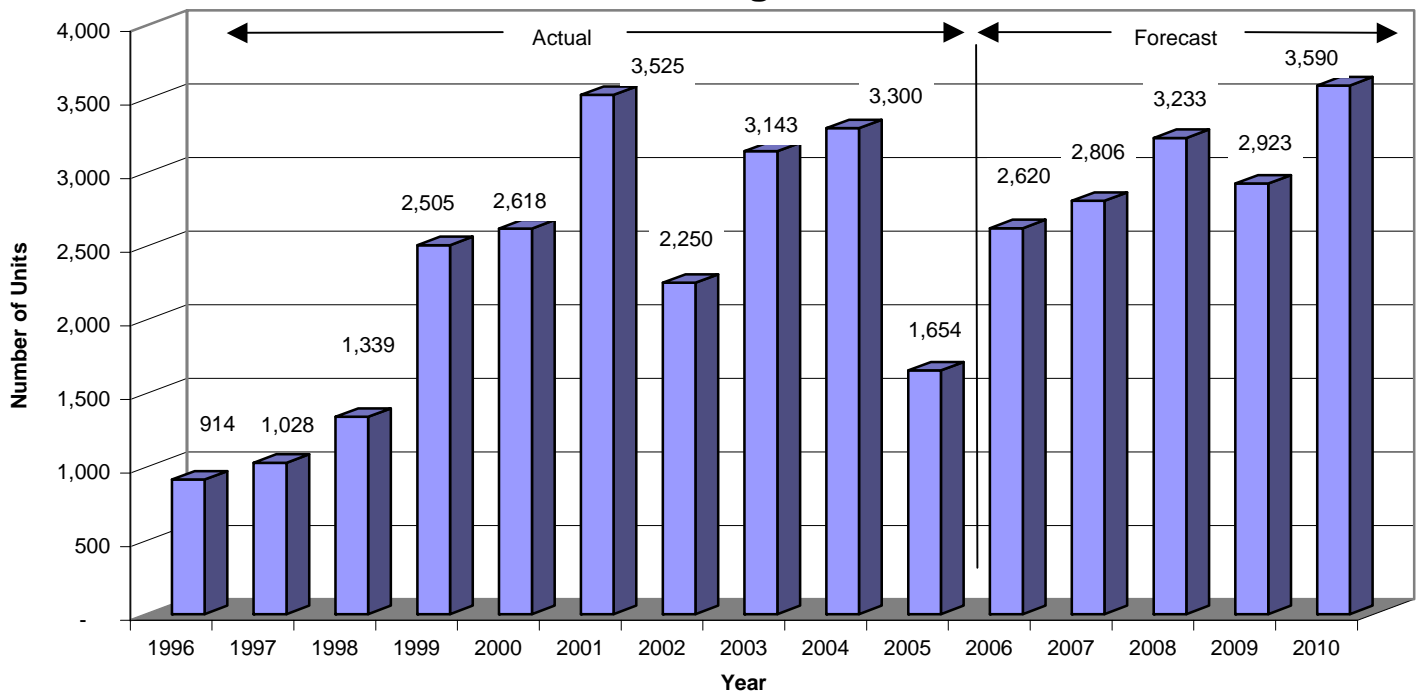


Figure 3

**Summary: Residential Units Receiving Building Permits 1996 to 2005
Actual and 2006 through 2010 Forecast**



FORECASTED POPULATION

A population forecast is derived using the number of homes constructed. The California State Department of Finance estimates that Chula Vista has on average 3.026 persons per household. Assuming that this factor is accurate and remains valid over the next five years, and assuming a 3% vacancy rate, Chula Vista can expect a total population of approximately 268,000 persons by the end of 2010 (Table 9 and Exhibit 1).

This is estimated as follows:

- At the end of 2005 (1/1/06 estimate) the California State Department of Finance (DOF) estimated a Chula Vista population of 223,423.
- It is forecasted that an additional 15,172 units may be permitted with an assumed 3% occupancy between 2006 and 2010.

Using the DOF factor of 3.026 persons per housing unit, the analysis as illustrated in Table 9 indicates a population of approximately 268,000 by the end of 2010. Note, this is only a rough estimate for planning purposes, and the vacancy rate may change over time as will the number of persons per unit.

Table 9

Projected Population Change Table 2005 to 2010

Year	Additional Units	Population
2005*		223,423
2006-2010	15,172	44,534
Population Year-End 2010		267,957

* 2005 "Year-End Population" (12/31/05) considered equivalent to 1/1/06 DOF estimate.

The past year has seen increasing interest rates, a general slowing of development within the region, and a decrease in the number of new dwelling units permitted for construction in Chula Vista. These trends will be assessed as part of next year's GMOC forecast.

EXHIBITS:

1 Historical Growth Table

2 Major Projects Map (Not included in electronic version)

Exhibit 1

HISTORIC HOUSING AND POPULATION GROWTH

CITY OF CHULA VISTA 1980 - 2005

And Forecast for 2006 Through 2010

CALENDAR YEAR	Units Authorized for Construction (Issued)		Units Completed (Finaled)		Certified Year End Population (State D.O.F.)*		
	No.	% Change	No.	% Change	No.	% Change	
1980	407		374		84,364		
1981	195	-52%	496	33%	86,597	2.6%	
1982	232	19%	129	-74%	88,023	1.6%	
1983	479	106%	279	116%	89,370	1.5%	
1984	1,200	151%	521	87%	91,166	2.0%	
1985	1,048	-13%	1,552	198%	116,325	27.6%	(1)
1986	2,076	98%	1,120	-28%	120,285	3.4%	
1987	1,168	-44%	2,490	122%	124,253	3.3%	
1988	1,413	21%	829	-67%	128,028	3.0%	
1989	1,680	19%	1,321	59%	134,337	4.9%	
1990	664	-60%	1,552	17%	138,262	2.9%	(2)
1991	747	13%	701	-55%	141,015	2.0%	
1992	560	-25%	725	3%	144,466	2.4%	
1993	435	-22%	462	-36%	146,525	1.4%	
1994	700	61%	936	103%	149,791	2.2%	
1995	833	19%	718	-23%	153,164	2.3%	
1996	914	10%	820	14%	156,148	1.9%	
1997	1,028	12%	955	16%	162,106	3.8%	
1998	1,339	30%	1,093	14%	167,103	3.1%	
1999	2,505	87%	1,715	57%	174,319	4.3%	
2000	2,618	5%	2,652	55%	183,300	5.2%	
2001	3,525	35%	3,222	21%	190,300	3.8%	*
2002	2,250	-36%	2,923	-9%	199,700	4.9%	*
2003	3,143	40%	2,697	-8%	209,133	4.7%	*
2004	3,300	5%	3,043	13%	217,543	4.0%	*
2005	1,654	-50%	2,525	-17%	223,423	2.7%	**
2006 - 2010	15,172				267,957	4.0%	**

(1) Montgomery Annexation

(2) 1990 Census Figures 135,163

* Reflects Department of Finance (DOF) comprehensively revised population figures for the end of the referenced year. (That is, the 12/31/05 population is assumed to be equivalent to the 1/1/06 DOF estimate.)

** Population is approximate based on the number of units permitted between 2005 and 2009 less an assumed 3% vacancy rate and assuming that there are 3.026 persons per unit. While a number of these units will be under construction at the end of 2010, there are currently an equivalent or higher number of units currently under construction this factor will maintain a reasonable level of accuracy.

